NCA
VOC FOR IOP/FN
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MARK HOPKINS/MUNICH

EAST EUROPE -- THE DEBT GOES UP

ANNCR:

THE SOVIET UNION AND EAST EUROPEAN COMMUNIST COUNTRIES ARE BECOMING MORE DEPENDENT ON WESTERN ECONOMIES, AS WE HEAR IN THIS BACKGROUND REPORT FROM A VOA CORRESPONDENT MARK HOPKINS IN OUR EUROPEAN BUREAU.

VOICE:

EUROPEAN COMMUNIST COUNTRIES ARE HOPING FOR ECONOMIC REVIVAL IN BOTH THE UNITED STATES AND WESTERN EUROPE. IN THE MORE RITUALISTIC RHETORIC, THE OFFICIAL PRESS OF THESE COUNTRIES STILL MAKES MUCH OVER UNEMPLOYMENT, INFLATION AND MONEY CRISES AS SIGNS OF CAPITALISM'S WEAKNESS. BUT THE FINANCIAL AND ECONOMIC PLANNERS IN COMMUNIST CAPITALS THINK IN MORE PRACTICAL TERMS. AND THEY MAKE INCREASINGLY CLEAR THAT RECESSION IN THE WEST HAS HURT THEIR OWN ECONOMIES. POLISH AND HUNGARIAN LEADERS, IN PARTICULAR, HAVE BEEN SAYING THAT THEIR COUNTRIES' DEVELOPMENT HAS BEEN HAMPERED BY RISING PRICES IN THE WEST, AND BY RECESSION THAT CUT DEMAND FOR IMPORTS.

THE IMPACT HAS BEEN DIRECT IN SOME CASES. HUNGARY HAS HAD TO RAISE CONSUMER PRICES, PARTLY BECAUSE OF THE HIGHER COST OF GOODS AND TECHNOLOGY IMPORTED FROM THE WEST. POLAND IS NOW PLANNING PRICE CHANGES PARTLY FOR THE SAME REASON. THE DEEPER ISSUE IS THE HARD CURRENCY DEBT OF COMMUNIST COUNTRIES TO THE WEST. THEY HAVE DELIBERATELY SET OUT TO BUY HUGE AMOUNTS OF EQUIPMENT AND TECHNICAL INFORMATION TO MODERNIZE THEIR ECONOMIES. THEY HAVE

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